

dates established for taking such inventories:

(1) Coincide with the end of a return period, and

(2) Are approximately 6 months apart.

(c) *Waiver of physical inventory.* A proprietor may file an application to take only one physical inventory per year. The appropriate TTB officer may approve the application if she or he finds that only one physical inventory per year will be sufficient to protect the revenue. However, the requirement for the waived inventory may be reimposed if it becomes necessary for protection of the revenue.

(d) *Notification of physical inventory.* A proprietor must notify the appropriate TTB officer at least 5 business days in advance of the date and time of a physical inventory of bottled or packaged spirits. TTB officers may be assigned to verify or supervise physical inventories taken under the provisions of this section.

(26 U.S.C. 5201)

Subpart O—Denaturing Operations and Manufacture of Articles

§ 19.381 General.

This subpart covers the denaturation of spirits and the manufacture of articles by proprietors of distilled spirits plants. Denatured spirits are distilled spirits that have been rendered unsuitable for beverage use by the addition of specific amounts of approved denaturing materials. For purposes of this subpart, articles are products that contain denatured spirits and that are made in accordance with this subpart or part 20 of this chapter. Proprietors who are qualified under this part as processors may make denatured spirits and articles in accordance with the provisions of this subpart. Additional requirements regarding the distribution, use, and standards for denatured spirits are set forth in parts 20 and 21 of this chapter.

(26 U.S.C. 5178, 5241)

§ 19.382 Formulas.

(a) *Approved formulas.* A proprietor must denature spirits according to an

approved formula listed in part 21 of this chapter.

(b) *Alternate formulas and denaturants.* If a proprietor wishes to denature spirits by using an alternative formula or a different denaturant, the proprietor must apply to TTB for authorization. A proprietor must receive written approval from the appropriate TTB officer before denaturing spirits using an alternative formula or a different denaturant. See also §§ 21.5 and 21.91 of this chapter for additional requirements that apply in these circumstances.

(26 U.S.C. 5241)

RULES FOR DENATURING SPIRITS AND TESTING DENATURANTS

§ 19.383 Gauging for denaturation.

(a) *General.* A proprietor must gauge spirits before denaturation and after denaturation and must record each gauge in the record of denaturation required by § 19.606(b). However, a proprietor is not required to gauge either spirits that are dumped from previously gauged containers or spirits that are transferred directly to mixing tanks from gauge tanks where they were gauged. Measurements of spirits and denaturants may be made by volume, weight, accurate mass flow meter, or by any other device that has been approved by the appropriate TTB officer.

(b) *Denaturation and article manufacture in a single process.* When a proprietor both denatures spirits and manufactures articles in a single, unified process, the proprietor may, in place of the procedure specified in paragraph (a) of this section, gauge the spirits before and after denaturation in the following manner:

(1) Gauge the spirits to be denatured by volume, weight, accurate mass flow meter, or other device or method approved by the appropriate TTB officer;

(2) Gauge the denaturants to be used by volume, weight, accurate mass flow meter, or other device approved by the appropriate TTB officer; and

(3) Compute the number of wine gallons of denatured spirits produced, and enter this figure in the record required by § 19.606(b). In calculating the amount of denatured spirits produced, the proprietor must not include in the